

Media Release

Credit Suisse Real Estate Fund LivingPlus with Above-Average Performance of 9.3%

Zurich, March 8, 2017 **The Credit Suisse Real Estate Fund LivingPlus further optimized the income situation of its portfolio in the 2016 financial year. The market value of the properties rose to CHF 2 663.0 mn (previous year CHF 2 505.7 mn). The distribution remained stable at CHF 3.30 per unit.**

The portfolio of the Credit Suisse Real Estate Fund LivingPlus (CS REF LivingPlus, sec. no. 3 106 932) was further optimized in the financial year ended December 31, 2016. Despite the difficult market environment, the rent default rate was reduced further to 5.2% (5.3%) while rental income was increased to CHF 121.6 mn (CHF 119.2 mn). As a result of the successfully completed issue in June 2016, the fund received an inflow of new assets to the maximum amount of CHF 170.0 mn. The issue proceeds were primarily used for the further expansion of the high-quality real estate portfolio and to reduce the amount of borrowed capital.

The fund acquired a further project in co-ownership on Plot A in Basel's future-oriented Erlenmatt district. The residential mix comprises studio and single-story apartments with 2.5 to 4.5 rooms as well as loft apartments built to modern construction standards. Some 7 400 m² of retail, gastronomy, and storage space is planned for the basement and ground floor. The core tenant of the retail area will be Coop. The project has 2000 Watt Site certification. In addition, compliance with Minergie-ECO exclusion criteria is being sought, and the requirements for greenproperty, the seal of quality for sustainable properties of Credit Suisse Real Estate Investment Management, should likewise be met. In addition, the attractive Sky Lights Schoren development in Basel was completed at the end of 2016. One of the apartment blocks owned by the CS REF LivingPlus was fully let shortly after completion of construction.

Stable Tax-Free Distribution

The fund itself is liable for the tax on income and capital gains from direct property ownership, which means these are tax-free for investors (both natural persons and legal entities) domiciled in Switzerland. The distribution for the 2016 fiscal year remained stable at CHF 3.30 per unit and is not subject to withholding tax. On the basis of the closing exchange price of CHF 138.50 as of December 31, 2016, this results in a dividend yield of 2.4% (2.5%). The taxable value per unit amounts to CHF 0.01. Accordingly, almost the entire capital as measured against the closing exchange price at the end of the accounting year is exempt from wealth tax for Swiss investors.

Details per Unit

The net asset value per unit (including distribution) rose from CHF 105.09 to CHF 105.45. Together with the distribution, this results in an investment yield for the 2016 financial year of 3.6% (4.0%). The performance amounted to 9.3% (-1.5%) in 2016, and was therefore superior to that of the SXI Real Estate Funds benchmark index (6.9%). The premium rose year on year from 25.5% in 2015 to 31.3% and was therefore 3.8 percentage points higher than the average value of the funds represented in the SXI Real Estate Funds index (27.5%) as of December 31, 2016.

The CS REF LivingPlus, which was launched in December 2007, is the first Swiss real estate fund to predominantly focus on the acquisition and development of residential real estate with modern usage and service concepts. Investments are channeled into modern residential buildings with integrated services, residences for senior citizens and health facilities, and future-oriented residential concepts located at attractive locations in Switzerland.

Key Figures for CS REF LivingPlus (sec. no. 3 106 932)

Financial year ended		31.12.2016	31.12.2015 ¹	31.12.2014 ¹
Market value of properties	CHF	2 663.0 mn	2 505.7 mn	2 397.7 mn
Borrowing ratio as % of market values ²		15.41%	18.42%	14.53%
Net asset value per unit (incl. distribution)	CHF	105.45	105.09	104.24
Closing price	CHF	138.50	131.90	136.90
Taxable value	CHF	0.010	0.002	0.370
Premium		31.34%	25.51%	31.33%
Distribution	CHF	3.30 ³	3.30	3.20
Dividend yield		2.38%	2.50%	2.34%
Payout ratio		99.43%	92.31%	90.26%
Performance ⁴		9.28%	-1.54%	13.33%
Investment yield		3.58%	3.99%	3.23%
Return on equity (ROE)		3.44%	3.62%	2.86%
Return on invested capital (ROIC)		2.97%	3.13%	2.58%
Operating profit margin (EBIT margin)		75.55%	74.56%	75.38%
Total operating expense ratio GAV (TER _{REF} GAV)		0.66%	0.67%	0.67%
Total operating expense ratio MV (TER _{REF} MV)		0.63%	0.64%	0.66%
Rental income	CHF	121.6 mn	119.2 mn	118.5 mn
Rent default rate		5.17%	5.28%	5.86%

¹ Key figures adjusted to the new CISO-FINMA calculation and the new SFAMA specialist information factsheet for real estate funds dated 13.9.2016.

² Maximum permitted borrowing: one-third of the market value (CISA Art. 65 (2) / CISO Art. 96 (1)).

³ Distribution value date 14.3.2017 (ex-date 10.3.2017).

⁴ Historical performance data and financial market scenarios are no reliable indicator of future results. The commissions and costs levied upon issuance and redemption of fund units are not included in the performance data.

Data source: Credit Suisse AG, unless otherwise specified.

Information

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The annual report will be published in May 2017.

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